

Jackson State University  
Dining Services  
Accounts Receivable Policy

Objective:

To provide policies and procedures on recording, collecting, and writing off accounts receivable and returned checks.

Policy:

1. Accounts receivable represent debts owed to the university for goods or services that the university has sold or provided to its customers. These debts are short term and are normally expected to be paid to the university in 30 days with no interest charge. Departments that regularly have outstanding accounts receivable must keep adequate documentation, which includes individual account balances and a control balance for recording customer payments as well as credit sales.

Internal Control:

2. To promote the accuracy of the department's and the university's accounts receivable records and to discourage fraudulent manipulation of the accounting records, departments should incorporate the following internal control measures for accounts receivable:
  - An aging of all accounts and a review of past due accounts should be performed periodically.
  - An employee other than the cashier should handle items disputed by customers.
  - A reconciliation of individual account balances to the control balance should be performed periodically.
  - Invoices should be prenumbered and all numbers accounted for periodically.
  - An appropriate employee who does not handle cash receipts should approve payment of credit balances and credit adjustments to the account balance.
  - A diligent effort should be made to collect all outstanding accounts (see **3** below).
  - Regular billings should be made to all customers on account.
  - Where possible, the duties of the accounts receivable bookkeeper and the cashier should be separated.
  - Accounts receivable write-offs should be approved by an employee who does not handle cash receipts.
  - Routine collection procedures should be documented in writing.
  - Special consideration will be given to Grant Programs on a per case basis.

## Reporting Receivables

3. A **Monthly Accounts Receivable Report ()** is to be completed by each department which has accounts receivable. This report is to be maintained in the department. The cutoff date for posting receivable transactions need not coincide with the end of a calendar month. However, all departments are to report receivable data as of June 30th and submit a copy of the **Annual Accounts Receivable Report** to the Controller's Office by July 15th.

## Billings and Collections

4. Departments must ensure that due diligence in collection efforts has been exercised. Due diligence is satisfied when:
  - Statements or invoices are mailed monthly. Students are billed at the end of the term, then monthly if necessary.
  - Special reminders or collection letters are mailed for all past due accounts.
  - Services are discontinued for delinquent customers, and holds are placed on the release of student grades and records and on the registration for course work.
  - For delinquent amounts over \$2,000, departments should submit a list of these accounts to the Senior Vice President for Business and Finance for their consideration.
  - No services will be provided to vendors (on campus organizations/off campus organizations) that have 60 plus days account receivables balances.

## Allowance for Doubtful Accounts:

5. Because some accounts receivable may prove to be uncollectible, each department is responsible for determining an appropriate amount as an allowance for those accounts considered to be uncollectible each June 30th. The department should establish an allowance for doubtful accounts (ADA account) to reflect the **estimated** uncollectible accounts. This allowance will be used to reduce the total amount of accounts receivable on university financial statements.

Several methods are used for estimating the amount of uncollectible accounts receivable to be recorded as an allowance for doubtful accounts. Three acceptable methods are:

- a. **Aging of Accounts Receivable.** When using an aging of accounts receivable, individual customer account balances are categorized according to the length of time they have been outstanding (see **5** below). The department estimates the relative uncollectibility for each category

based on past experience. The estimated uncollectible amounts in each category are totaled to determine the total allowance.

- b. **Percentage of Accounts Receivable.** This method uses a percentage of the ending accounts receivable balance to estimate the allowance for uncollectible accounts. However, excellent historical records must be maintained to justify the percentage used.
- c. **Percentage of Sales.** When using this method, a percentage of credit sales for the year is assumed to be uncollectible. The department is therefore estimating bad debt expense based on previous years rather than the amount of the allowance as in the two methods discussed above.

The campus or unit office that is responsible for preparing the accounts receivable journal entry will record the allowance for doubtful accounts at the end of each fiscal year. This office will also charge the appropriate departmental account when the allowance is established.

**Year – End Reporting:**

- 6. Upon notification, departments must send a list of accounts receivable as of June 30 to the campus or unit office that prepares the year-end journal entry. An aging of accounts receivable must accompany this list. An aging is performed by categorizing individual customer account balances according to their age. The aged accounts should be categorized as follows:

0-30 days	91-180 days
31-60 days	181-360 days
61-90 days	over 12 months

**Aging of Receivables-** Receivables are to be aged according to the following categories:

Current – Amounts not yet due (amounts are normally due 30 days after issued)

Past Due – accounts 1 to 90 days past due

Delinquent – amounts more than 90 days due date

Uncollectible – Amounts unpaid after all prescribed collection efforts

<b>Step</b>	<b>Days From Date of Charge</b>	<b>Action</b>
1	30	Send first statement to customer.
2	60	Send second statement to customer. (If the customer is a student, encumber the student's academic records.
3	75	Send a letter to customer requesting immediate payment.
4	90	Telephone or send a second letter to customer.

5	105	Send a letter informing the customer that unless the past due payment of \$ _____ is received within the next 15 days it will be necessary to pursue other means to collect the account.
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## 7. BANQUET AND RECEPTION ROOMS

The Catering Department maintains dining area. HERITAGE WEST seats 100 persons. Banquet and Reception room rental fees may apply for events occurring after 5:00 p.m. or weekends. Fees range from \$100.00 to \$150 per hour. Charges will be determined at booking time.

## 8. ORDERING

The Catering department accepts orders by telephone, fax and email. All orders must be placed 7 days prior to the event.

PHONE: 979-2561 FAX: 979-7819

E.MAIL: [NATHANIEL.HOSKINS@JSUMS.EDU](mailto:NATHANIEL.HOSKINS@JSUMS.EDU)

## 9. EQUIPMENT RENTAL

Food service department policy does not allow equipment to be loaned, lease or rented from the catering department.

## 10. PAYMENT PLANS

The cater department will accept payment in the form of cash, check or requisition. A payment plan must be established when an order is placed with the department. A late ordering fee may apply to orders placed less than three working days before an event. The catering department reserves the right to refuse any order that does not fit within it policies as it relates to time, location, and number of guests or importance.

## 11. USE OF FACILITIES FORM

Jackson State University requires all groups sponsoring events on campus to complete a use of facilities form. The form can be completed on line. Please contact the events coordinator for more advice.

## 12. FEES

There is a fee of \$20 for orders to be delivered to on-campus locations. There is a fee of \$40 for the orders to be delivered to off campus JSU locations. Cancelled ordered may be subject to a cancellation fee of \$25 or more.